

CHAPTER 9

EMERGENCY SHELTER GRANTS (ESG) PROGRAM

- 9-1 **APPLICABILITY.** This chapter provides guidance for comprehensive monitoring of the Emergency Shelter Grants (ESG) Program. The ESG program awards funds, on a formula basis, to state governments, large cities, urban counties, and U.S. territories for the purpose of providing homeless persons with basic shelter and essential supportive services. ESG funds are available for the rehabilitation or remodeling of a building used as a shelter, operations and maintenance of the facility, essential supportive services (i.e., case management, physical and mental health treatment, substance abuse counseling, childcare), homeless prevention, and grant administration.

Program participants (or “grantees”), except for state governments, must match ESG grant funds dollar for dollar with their own locally generated amounts. These local amounts can come from the grantee to subrecipients (or “recipients”) or recipient agency or organization; other federal, state and local grants; and from "in-kind" contributions such as the value of a donated building, supplies and equipment, new staff services, and volunteer time. Grantees can provide ESG funds to eligible recipients, which can be either local government agencies or private nonprofit organizations. The recipient agencies and organizations, which actually run the homeless assistance projects, apply to the governmental grantee for ESG funds.

- 9-2 **PREPARING FOR MONITORING.** The specific ESG program areas or requirements to be monitored are determined as part of the risk assessment process (see additional guidance provided in Chapter 2). Before monitoring, the reviewer should be familiar with both the ESG program requirements and the design and operation of the participant’s ESG program, particularly any area(s) that have been identified as high risk or that are the subject of the monitoring. Whether monitoring on-site or assembling materials for a remote monitoring, reviewers will need specific items to successfully monitor a participant’s ESG Program.

Resources required for monitoring include:

- the implementing statute, Title IV, Subtitle B of the McKinney-Vento Homeless Assistance Act (42 U.S.C. [11371](#) et seq);
- the ESG regulations at [24 CFR 576](#);
- the [ESG Desk Guide](#). The Guide provides an overview of the ESG program and includes concrete examples of promising administrative practices from ESG programs around the country. This Guide is not a substitute for the ESG regulations, but provides a practical resource that addresses many of the common questions and issues that arise in the implementation of a local ESG project. It should be used in conjunction with the federal rules and regulations. The ESG Guide is divided into ten major sections. [Section One](#): Program Overview; [Section Two](#): Allocation of Funding; [Section Three](#): Eligible Activities Under the ESG Program; [Section Four](#):

Program Requirements and Responsibilities; [Section Five](#): Integrated Disbursement and Information System (IDIS); [Section Six](#): Performance Monitoring and Reporting; [Section Seven](#): Financial Management; [Section Eight](#): Other Federal Requirements; [Appendix](#): Additional Resources; [Glossary](#);

- [Homeless Prevention in the Emergency Shelter Grants Program](#). This booklet explains the eligible uses of ESG homeless prevention funds, who is entitled to receive those funds, and real-life examples of agencies and organizations distributing the ESG funds;
- most recent approved Consolidated Plan Annual Action Plan;
- grant agreement and any HUD-approved ESG waivers;
- Integrated Disbursement and Information System (IDIS) activity accomplishment and draw information; and
- latest approved Consolidated Annual Performance and Evaluation Report (CAPER).

9-3 **FILE SELECTION AND SAMPLING.** As described in Chapter 2, the risk analysis process will be used to determine which ESG grantees and areas should be reviewed. Once that process has been completed, where it is indicated that a file review is necessary to answer Exhibit questions, the HUD reviewer should consider the following factors when determining the specific files that will comprise the review sample:

- A. Where feasible, initial file selection should be made using a random selection method.
- B. The reviewer would consider adding more files to this selection in order to:
 - i. Include a file or files from each staff person working in the respective program area being monitored;
 - ii. Expand the sample, if possible, to include additional files with the same characteristics, if indicated by the severity or nature of any problems(s) noted during the initial selection's review (for example, same problem category, same staff person, same activities or other characteristics). This expanded sampling aids in determining whether problems are isolated events or represent a systemic problem.
- C. The reviewer may also add files to the selection from any project that the HUD reviewer has reason to believe may have compliance problems or that is substantially different in terms of size, complexity, or other factors from other projects the grantee has funded.